



Pooler Harbour Commissioners

- Annual Review • Accounts • Environmental Summary
- For the year ended 31st March

2020



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Welcome from the Chairman

I am pleased to introduce the Annual Report for the year ended 31 March 2020. The 2019-20 financial year featured the ongoing Brexit uncertainties with a number of potential 'no-deal Brexit' deadlines arising through the period as the political negotiations played out. This uncertainty undoubtedly limited growth opportunities, and this was reflected in the modest 1% increase in turnover over the prior year. Costs were well controlled and pre-tax profits increased by 27% to £0.9m.

As a Trust Port, Poole Harbour Commissioners (PHC) has no shareholders with all profits being reinvested back into Poole Harbour and the Port for the benefit of our stakeholders. An excellent example of this was the completion, during the year, of a £1.7m, three-year project delivering enhanced flood defences to Town Quay.

It was another active and varied year for the Port. Planning and preparation for Brexit played a prominent part and I am pleased to report that PHC is ready for the changes which the UK's exit from the EU will bring.

As 2020 has progressed we face new challenges arising from the COVID-19 pandemic. Port of Poole has remained open throughout the pandemic, enabling our customers to operate their essential lifeline sea-freight services, ensuring that food and medical supplies continued to reach the UK and Channel Islands throughout lockdown.

I would like to thank all of the PHC's staff who, as key workers, have displayed tremendous flexibility, resolve and good humour in order to keep the Port operational throughout the pandemic. Strong financial management and operational planning have ensured that PHC has coped well with the coronavirus crisis and will start 2021 in a good position to take advantage of new opportunities as the economy recovers.



Consulting with our local community and stakeholders is very important to the Board and the executive team. It was, therefore, a huge disappointment that both the Annual Open Evening in March 2020 and the Poole Harbour Boat Show had to be cancelled due to coronavirus and I look forward to meeting our diverse and numerous stakeholders when we are able to resume these events.

In October 2019 Tom James retired from PHC after 43 years' service as a Stevedore, the last 9 years were also as a Commissioner representing PHC's staff. I wish Tom a long and happy retirement and would like to take this opportunity to thank Tom for his over 40 years of service to PHC and his valuable contribution during his 9 years on the PHC Board.

Finally, I would like to thank all members of the Board and PHC staff for their part in continuing to provide excellent service to all our customers in this most unprecedented of years.

Professor Bob Cripps
25 September 2020



Poole Harbour Commissioners Annual Review 2019/20

Poole Harbour Commissioners (PHC) are responsible for the Trust Port of Poole Harbour, established by an Act of Parliament in 1895. PHC has a responsibility to regulate, maintain and improve the Port of Poole and Poole Harbour. PHC receives no funding towards its day to day operations from either central or local government and re-invests surpluses into the organisation for the overall benefit of the port and harbour.

Governance

PHC endeavours to adhere to the highest principles of corporate governance in accordance with their trust port status as set out in "Ports Good Governance Guidance."

The Board

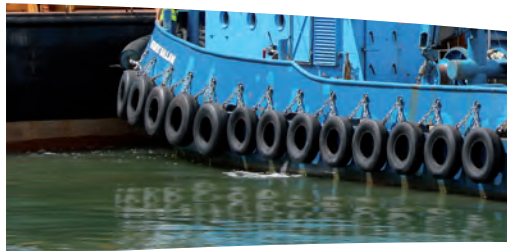
PHC is governed by a Board of twelve Commissioners, two drawn from the executive, one Trade Union Commissioner elected by employees and nine Commissioners appointed by independent selection panels. Commissioners are selected to serve a three year term of office and are eligible to sit for up to three terms, however there is no automatic right to reappointment. Selection panels appoint new Commissioners annually, based on merit and the

organisation provides new Commissioners with an induction course to assist them with their duties. PHC arranges for Commissioners to attend Trust Port briefing sessions to help them understand their responsibilities.

PHC holds monthly Board meetings as well as other additional ad-hoc meetings and briefing sessions which provide Commissioners with training in areas such as Health & Safety and Finance. The Chairman and Vice-Chairman of PHC are elected by the Board.

Sub-Committees

Two sub committees operated during the year, the Audit & Risk Committee and the Remuneration Committee. All non-executive Commissioners are members of both committees



Board Attendance

Ten Board meetings, one Audit & Risk Committee meeting and two Remuneration Committee meetings were held during the year.

The table below shows the number of meetings attended by each Commissioner during the year for the period of their appointment.

	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings
B Cripps	10/10	1/1	2/2
J Stewart	10/10	1/1	2/2
R Bridewell (appointed 1 Nov 2019)	4/4	n/a	n/a
D Cramond	9/10	1/1	2/2
S Cripps	9/10	0/1	0/2
W Gibbons (retired 31 Oct 2019)	6/6	1/1	2/2
P Goodwin	10/10	1/1	2/2
L Hardy (appointed 1 Nov 2019)	4/4	n/a	n/a
T James (retired 31 Oct 2019)	4/6	n/a	n/a
B Murphy	10/10	n/a	n/a
D Norman	10/10	1/1	2/2
M Pate	9/10	1/1	2/2
A Piromalli	9/10	1/1	2/2
T Russell	10/10	0/1	0/2

Port Marine Safety

Marine safety remains a major priority for the organisation. This is managed by the Harbour Master in accordance with statutory requirements and the Port Marine Safety Code (PMSC). The PHC Navigational Safety Management Plan provides the necessary procedures and the Safety Management System provides the necessary, dynamic recording platform. PHC seeks to attain nationally agreed standards for safe marine operations and its Safety Management System is reviewed regularly along with all emergency plans including the Emergency Plan and the Oil Spill Preparedness and Response Plan. The Board employs an independent Designated Person (DP) who reports regularly and directly to the Board. The DP continues to confirm the effectiveness of the PHC Safety Management System and that the organisation is fully compliant with the PMSC. PHC is also audited annually by Trinity House, the General Lighthouse Authority, regarding the administration, condition and availability of navigational aids within the harbour. The availability of aids to navigation lights for the reporting period was 99.98% (2019: 99.96%) with the required average being 98.6%.

The Harbour Master presents a report to the Commissioners at each monthly Board meeting and prepares an annual report as required by the Port Marine Safety Code.



Health and Safety

PHC has a clear, defined focus on Health and Safety, both within Poole Harbour and the port estate. Safety procedures are regularly reviewed and frequent safety inspections take place which are all recorded within the Safety Management System. PHC undergoes extensive external safety audits and is OHSAS 18001: 2007 accredited. The Health and Safety Manager reports directly to the Commissioners every six months and the board receives monthly reports at their Board meetings.

The strong focus in this area is reflected in there being no reportable (RIDDOR) accidents during the year (2019: nil).

The Port

The Port of Poole is a successful commercial trust port, handling a wide variety of vessels including Ro-Ro traffic (high speed as well as conventional ferries), bulk cargo carriers, yacht liner vessels and cruise ships. The port provides facilities for regular passenger and freight ferry services linking the UK with ports in France, Spain and the Channel Islands. Bulk cargoes include steel, timber, stone, clay, sand, bricks and grain shipments. The port provides regular employment for local and regional hauliers.

The Harbour

Poole Harbour is one of the outstanding features of the English Coastline. The harbour has major environmental significance and has been designated as

a Wetlands Site of International Importance under the Ramsar convention, a site of Special Scientific Interest and a Special Protection Area.

PHC has a clear understanding of their environmental responsibilities and plays a leading role in the environmental stewardship of the Harbour. The Chief Executive chairs the Poole Harbour Steering Group, which involves key organisations and statutory agencies connected with the Harbour.

PHC's Environmental Policy is incorporated within the Annual Report and includes:-

- Environmental Management
- Resource Management
- Waste Management
- Communication and Training
- Pollution prevention and control

PHC is responsible for maintaining navigational aids within their jurisdiction and updating hydrographic survey records on a regular basis.

Poole Quay Boat Haven and Port of Poole Marina

PHC owns and manages two marinas within its Leisure division. Poole Quay Boat Haven provides facilities for local fishermen and leisure boat owners and the Port of Poole Marina provides permanent berthing facilities for the leisure boating sector. At the 2019 Southampton Boat Show Poole Quay Boat Haven was awarded the Yacht Harbour Association's Marina of The Year Award (UK Coastal Marina under 250 berths category) and both marinas hold 5 Gold Anchor status.



Security

PHC has responsibilities for port security as set out in the International Ship and Port Facility Security Code, and is regularly inspected by the Maritime Transport Security Department.

Engagement with Stakeholders

PHC engages in extensive consultation with stakeholders. During the course of the year there are regular liaison meetings with a wide range of different stakeholder groups and organisations. Unfortunately PHC's annual open evening in March 2020 was cancelled due to Covid-19 but the Commissioners look forward to welcoming stakeholders and members of the public when the event returns in 2021.

PHC operates Facebook and Twitter accounts which are updated regularly to assist with the effective communication of information to our stakeholders.

Stakeholder Benefit

PHC's stakeholders are its customers, employees, central and local Government, the business community and the local community. Benefits provided to

Government includes employment and corporate taxes and business rates paid to national and local government.

The Local community benefit includes sponsorship of local organisations and events together with the net financial contribution by PHC towards the Poole Harbour Boat Show. PHC provides boats and crews for police patrols in the Harbour.

PHC is a major partner in the Great Heath Living Landscape Project, a partnership with Dorset Wildlife Trust, the Erica Trust, Borough of Poole, Dorset County Council and the Amphibian Reptile Conservation Trust. PHC owns land within the environmentally sensitive area of Holes Bay which is managed as part of a major, local conservation partnership initiative, the Holes Bay Nature Park.

PHC continues to provide financial support and participation to the business community, which includes active membership of key regional and sector business organisations such as Dorset Local Enterprise Partnership, Dorset Chamber of Commerce, British Ports Association and many others.



Investment Policy

PHC aims to ensure that investments achieve long-term commercial viability and sustainability for the Commissioners, port & harbour users and other stakeholders. When considering new investments, the primary objective is to generate commercial rates of returns on its investments in order to generate profits for re-investment into securing and maintaining Poole Harbour and the Port of Poole.

Review of Services

PHC regularly reviews the way in which services are provided and procured in order to ensure that the organisation continues to be run efficiently.

The Poole Harbour Revision Order 2015

The latest Poole Harbour Revision Order was signed by the Secretary of State on 10th July 2015. This

brings PHC's previous legislation into a modern form and provides the organisation with the powers that it needs to manage the port and harbour effectively. This includes the power of general directions and unrestricted borrowing powers.

Customer Service

PHC endeavours to ensure that our levels of customer service are of the highest order, and operates an ongoing programme of staff training and investment in Port infrastructure in order to maintain these standards.

Poole Harbour Boat Show

PHC delivered this highly successful event in June 2019 as part of Poole Maritime Festival. Once again, the Boat Show featured free admission and was immensely popular with both stakeholders and the attending public.



Poole Harbour Commissioners Strategic Report

Mission Statement:

“To promote the safe and sustainable use of Poole Harbour, balance the demands on its natural resources, develop the commercial Port of Poole & strategic infrastructure, work closely with our stakeholders, support the safe management of appropriate activities within the Harbour, and work strategically with key agencies in order to manage the Harbour in a safe, sustainable and responsible manner.”

Poole Harbour Commissioners (PHC) have complied with their key strategic objectives for 2019/20 and set out the following key strategic objectives for 2020/21:

- Maximise commercial opportunities within the Trust Port model, targeting ongoing vessel-call & cargo-volume growth from the new South Quay, developing the new business opportunities which arise from this enhanced facility.
- Ensuring that PHC is prepared for the end of the EU exit transitional period on 31 December 2020, ensuring robust contingency plans are in place for all foreseeable Brexit-related scenarios.
- Continue to support, and partner, our local stakeholders and community.
- Protect the unique environment of Poole Harbour and local harbour amenities.
- Maintain and develop employment opportunities related to the port and harbour.
- Continue to work closely with the British Ports Association and to be involved in influencing UK Government ports policy.

Values

PHC's values are:

- Customer and stakeholder focus
- Respect for employees
- Sustainable solutions for the long term benefit of the Port and Harbour
- Openness and accountability in our dealings with stakeholders and employees.

Strategic Direction

PHC has identified the current strategic vision:

- To maximise our existing revenue streams and maintain essential infrastructure
- To diversify, identifying and exploiting additional market opportunities
- To develop infrastructure that will assist the sustainability of the organisation
- To strive for maximum efficiency.



Financial & Operational Review: year ending 31st March 2020

Financial Review

	2020 £'000	2019 £'000	Movement	
			£'000	%
Turnover	13,488	13,318	170	1
Gross Profit	5,358	5,400	(42)	(1)
Administrative Expenses	4,243	4,403	(160)	(4)
EBITDA	3,063	2,796	267	10
Depreciation & Amortisation	1,967	1,801	166	9
Profit on disposal of fixed assets	19	3	16	533
Pre-Tax Profit	874	690	184	27
Cash Flow From Operating Activities	3,279	2,329	950	41
Capital Expenditure	1,553	743	810	109
Net Debt	7,402	8,988	1,586	18
Pension Liability	939	1,167	228	20
Reserves	21,728	21,886	(158)	(1)

Turnover for the year increased by 1% to £13.5m (2019: £13.3m). The lack of growth, after adjusting for inflation, reflected the challenges and uncertainties throughout the year arising from Brexit together with a suspension of almost all commercial vessel operations due to COVID-19 during the latter part of March. Gross profit reduced by 1% to £5.36m (2019: £5.40m), reflecting biennial maintenance dredging of the main channel and COVID-19 related costs. Administrative Expenses were well controlled, reducing to £4.2m (2019: £4.4m) and interest payable decreased by £50k to £0.36m (2019: £0.40m).

The year-on-year increase in pre-tax profit to £874k (2019: £690k) reflected the reduced charges for interest and administrative costs, partly offset by reduced gross profit.

Cash flows generated from Operating Profits during the year strengthened to £3.3m (2019: £2.3m). Strong cash inflows from operating activities are necessary to service the capital and interest repayments on PHC's debt and to facilitate maintaining and improving the Port's infrastructure and facilities. During the year, PHC invested over £1.6m in new capital projects. These included:

- A further £0.3m to complete flood defence works at Town Quay. This completes a £1.7m investment project which PHC has managed, in partnership with the Environment Agency, since 2014.
- New facilities to store bulk cargos and RoRo freight units.
- The replacement of plant and equipment approaching the end of its useful life, including ferry terminal tractors and forklifts.
- The creation of 6 additional berths at Port of Poole marina.

These projects were financed from PHC's cash reserves.

Deferred Tax accounting adjustments resulted in an unwinding of the previous years deferred tax credit, giving a tax charge to P&L for the year of £1.3m (2019: credit of £1.0m). Other Comprehensive Income of £0.3m (2019: £0.7m) related to an actuarial gain arising from the pension scheme.

After taking into consideration corporation tax and Other Comprehensive Income, year-end reserves decreased by £0.16m to £21.73m (2019: £21.89m).



Operational Review

Poole's two ferry operators, Brittany Ferries & Condor, enjoyed a successful year of operations with a combined total of 735 (2019: 672) ferry sailings from Poole during the year, a year-on-year increase of 9.4% due to additional ferry sailings to France as part of the UK Governments contingency planning for a possible 'no-deal' Brexit. Despite this, Poole saw a steady 4% decline in RoRo freight services during 2019-20, due to a combination of Brexit uncertainties and COVID-19.

Bulk cargo volumes were adversely affected by Brexit-related uncertainties, through the first 10 months of the year, and the slow-down of the economy due to COVID-19 in March 2020. Annual volumes declined by 10% to 309k tonnes (2019: 344k tonnes). The sector continues to face wider UK challenges, including Brexit, and annual bulk cargo volumes at Poole for the year were 23% below 2014-15 levels, broadly reflecting the UK-wide trend. Additionally, the port handled 94k tonnes (2019: 75k tonnes) of private cargoes during the year.

PHC is targeting growth in new markets, facilitated by South Quay, a new deep-water 200m quay facility which became operational in April 2018. Interest in the facility is high and the Commissioners are confident that significant new business will come to the Port once the post transitional period details of trade between the UK and EU are finalised.

The marine leisure market on the South Coast remains healthy and PHC was pleased to be awarded the 2019 Yacht Harbour Association's Marina of The Year Award (UK Coastal Marina under 250 berths category). Demand for annual berths in Port of Poole Marina was strong at 100% occupancy.

In June 2019 Poole Quay Boat Haven hosted the 5th Poole Harbour Boat Show, attracting an estimated 34,000 visitors over the 3 day event which formed part of Poole Maritime Festival.

Connectivity to the Port

Significant local road projects within Poole town centre improved road links to the Port for many years to come.

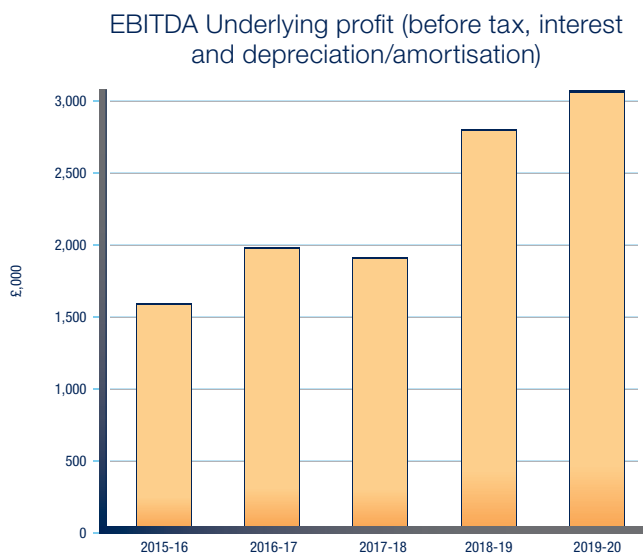
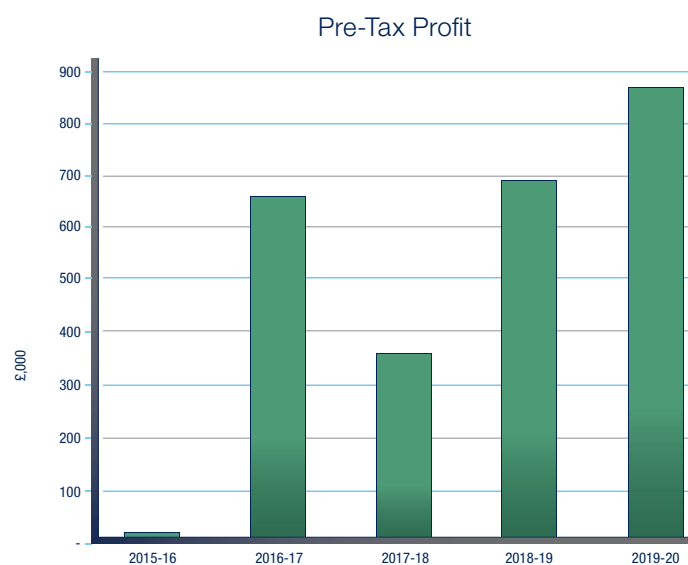
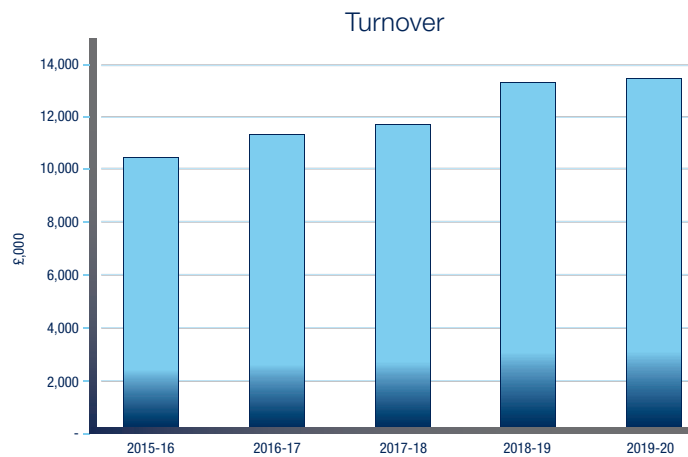
Prospects

PHC's financial and commercial outlook remains strong, although the COVID-19 crisis will inevitably mean a significant decrease in turnover and profits for 2020-21. Despite coronavirus, the new South Quay, with its enhanced facilities, is generating strong interest in key target markets and PHC continues to receive regular enquiries from both existing and new customers with regard to it and our other facilities.

Approved by Poole Harbour Commissioners on 25 September 2020 and signed on their behalf by:

Robert Cripps Chairman

Five Year Financial Performance Highlights



Board Membership

The Board of Poole Harbour Commissioners comprises of twelve Commissioners, two drawn from the Executive, one elected by employees and nine appointed by independent selection panels.

The Commissioners below comprised the Poole Harbour Commissioners' Board as at 25 September 2020.

1. Chairman Professor Bob Cripps

Professor Bob Cripps has worked in the maritime industry for nearly 40 years and he has lived in Poole for over 30 years. Bob is a Naval Architect by profession, and he has been a Director of Longitude Consulting Engineers, Director of Engineering College for BAE Systems Surface Ships, Engineering Support Director at BAE Systems Surface Ships, Technical Director at VT Halmatic and Engineering Manager at the RNLI. Bob is a Visiting Professor at the University of Southampton and Bournemouth University.

2. Chief Executive Jim Stewart

Commenced shipping career as a shipbroker on The Baltic Exchange in the City of London in 1980, qualifying as a member of the Institute of Chartered Shipbrokers in 1982.

- 1990 - founded ship broking company opening offices in London and New York.
- 1999 - awarded an MBA at Cass Business School London
- 1999 - appointed Managing Director of Crescent Shipping, a UK ship owning and operating company
- 2002 - appointed Chief Executive of Poole Harbour Commissioners
- Council Member of British Ports Association since 2002
- Former Chair of British Ports Association, Maritime UK and Port Skills and Safety
- Chair of the UK Access to Ports Group
- Chair of Dorset Local Enterprise Partnership
- Vice Chair of Great South West
- Chair of Poole Harbour Steering Group
- Chair of Connected Dorset
- Associate Board Member of Western Gateway Sub National Transport Body
- Awarded fellowship of Institute of Chartered Shipbrokers
- Awarded honorary Doctorate in Business Administration by Bournemouth University



3. Vice Chairman David Norman

David Norman is a Shipmaster with extensive command experience covering a wide range of vessel types including square rigged sailing vessels. A longtime customer of Poole Port both as a recreational sailor and as Operations Director for Condor Ferries. He has world wide experience of Ferry Ports and their management and operation.

4. Marine & Port Director Captain Brian Murphy

Captain Brian Murphy has been in the marine industry for the past 37 years attaining command of a large container vessel on a worldwide trade. His career path diverted closer to home with 2 years at Condor Ferries before joining Poole Pilots Partnership. He remained there as a Class 1 Pilot for 4 years before joining Poole Harbour Commissioners in 2004 as Assistant Harbour Master, Pilotage Manager and Harbour Control Manager. In April 2008, Brian was appointed Harbour Master and in 2018 he was also appointed Marine & Port Director.

Brian is a Younger Brother of Trinity House, a Fellow of the Nautical Institute, Council Member of the UK Harbour Master's Association (UKHMA) and Chair of the South West Regional Ports Association (SWRPA).

Board Membership Continued

5. Commissioner Rob Bridewell

The Port of Poole has always been a great part of Rob's life, living here in New Quay Road until the age of 7.

In 1986, as the son of a Poole Docker, Rob started his 33 year Port career, the latter 14 years as foreman, with special emphasis upon leading teams on all the various jobs both on the Terminal and Conventional Quay.

Rob has great experience in the day to day running of the port and a good relationship with people within all departments.

A training instructor for 22 years, Rob also trains new stevedores to become competent drivers of the many pieces of plant, and the importance of health and Safety.

As a commissioner Rob represents our workforce, having an input into growth of the working Port, securing jobs for future generations, whilst maintaining the preservation of the harbour.

6. Commissioner Doug Cramond

Doug Cramond is in the Royal Town Planning Institute. Living in Poole for 38 years he has worked in local authorities and private practice. Within his company, Doug deals with commercial projects and environmental issues and is a consultant Planning Inspector. He enjoys small craft, walking and running, ideally within sight of Poole Harbour. Doug was appointed as a Commissioner in November 2012.

7. Commissioner Dr Simon Cripps

Dr Simon Cripps is Chair of the Dorset Local Nature Partnership, an MMO appointee on the Board of the Southern IFCA and Managing Director of Compass Sustainability. He is an oceanographer having worked 20 years abroad for consultancies, NGOs and government. Simon grew up by Poole Harbour and prior to being Dorset Wildlife Trust's CEO he was WWF-International's Global Marine Director.

8. Commissioner Philippa Goodwin

Philippa, a chartered management accountant (ACMA), holds the positions of Finance Director on the Board of Hoburne Ltd. and Burry & Knight Ltd. Previously Finance Director at Bournemouth Water, she has also held senior commercial finance roles at Ageas, Centrica, the AA and Motorola. Philippa also holds an MBA from Imperial College London and a BA (Hons) from University of the West of England (UWE).



Board Membership Continued

9. Commissioner Lee Hardy OBE

Born in Poole and anchored in Dorset throughout his life, Lee Hardy concluded a long, operationally focused, career in the Royal Navy in 2015 while leading an Overseas Territory on behalf of the UK government. His broad experience of marine and maritime matters was gained in frontline and staff appointments at sea and then exploited in the training environment, in the development of capability requirements and procurement, in specialist intelligence both in the UK and overseas, and in Command. He was appointed an Officer in the Military Division of the Most Excellent Order of the British Empire in 2016.

Upon leaving service life he established an independent consultancy company and now advises a variety of public and private entities on a range of Blue Economy matters, particularly those relating to innovative technology, maritime domain awareness and enforcement. He is also fully engaged in the local voluntary sector.

10. Commissioner Martin Pate

Martin Pate is a Solicitor and Managing Director of MJP Law, a solicitors' practice based in Dorset. Martin started his career with the London Metropolitan Police and then the Department of Transport and Environment in London, working for a number of departments and agencies. Martin is a keen sailor qualified to RYA Offshore Yacht Master and former Commodore of East Dorset Sailing Club in Poole.

11. Commissioner Angela Piromalli

Angela Piromalli established Lets Rise Ltd in 2018. Angela was named Mentor of the Year in the 2018 South West Women in Business Awards and recently won Jurors Choice Award at the Dorset Ethnic Minority Awards. Angela is a non-executive director at Exceptional Individuals.

12. Commissioner Tom Russell

Tom Russell is from a family of Poole fishermen and has been on the harbour all of his life. He operates two commercial fishing boats from Poole and is the Chairman of the Poole and District Fisherman's Association he is also the local representative of the Fisherman's Mission.





Management Team Profile

1. Chief Executive and Commissioner Jim Stewart

2. Harbour Engineer Phil Armstrong

Phil Armstrong was appointed Harbour Engineer in March 2017 after 4 years working for PHC as Engineering Project Manager. Phil's career spans over 20 years in the construction and management of flood defences and coastal protection, and working in the marina industry, project managing numerous dredging and marine construction schemes throughout the UK. He is a Chartered Engineer and Member of the Institution of Civil Engineers.

3. Port Manager Steve Moors

Steve has lived in Poole all his life and spent much of his childhood on the water, visiting the Islands and other hidden gems around the Harbour. Steve commenced employment with PHC in 1985, following a long family history of working on the docks in Poole. Steve was promoted to Foreman in 2002 and in 2010 became the Port Logistics Supervisor, working with and having close relationships with ferry operators and agents. Steve became Port Manager in 2018.

4. Harbour Master and Commissioner Captain Brian Murphy

5. Chief Financial Officer Steve Wisdom

Steve is a Chartered Accountant with 30 years experience gained across a number of senior finance roles. After qualifying with an audit firm Steve spent thirteen years in financial services, ten of which were with Portman Building Society as Head of Group Finance, before accepting senior commercial finance roles in diverse Property and Business Consultancy groups. Steve joined PHC as Chief Financial Officer in 2015.



Report of the Commissioners

The Commissioners present their Report and Audited Accounts for the year ended 31st March 2020.

Statement of responsibilities of the Board

With certain exceptions, the Report and Accounts of the Statutory Harbour Undertakings must comply with the requirements of the Companies Act 2006.

One of the features of the Form of Accounts required by this Act is the use of the word “profit” to describe the surplus of income over expenditure. Poole Harbour Commissioners are a Statutory Trust and therefore any profit shown in the Report and Accounts is used for the financing of capital expenditure or facilities for the benefit of harbour users and to build reserves to provide financial stability.

The following statement which should be read in conjunction with the statement of Auditors’ responsibilities is made with a view to distinguishing the respective responsibilities of the Commissioners and of the Auditors in relation to the Accounts.

The Commissioners are required by the Harbours Act 1964, as amended by subsequent legislation, to prepare Accounts for each financial year which give a true and fair view of the state of affairs of Poole Harbour Commissioners as at the end of the financial year and of the profit or loss of the Poole Harbour Commissioners for the year. In preparing those Accounts the Commissioners are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Accounts;

- Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Commissioners will continue in business.

The Commissioners are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Poole Harbour Commissioners and to enable them to ensure the Accounts comply with the Harbours Act 1964 as amended by subsequent legislation. They are also responsible for safeguarding the assets of the Commissioners and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board Membership

The Board of Poole Harbour Commissioners (PHC) comprises of twelve Commissioners, two drawn from the executive (James Stewart and Captain Brian Murphy), one trade union representative elected by employees (Robert Bridewell) and nine appointed by independent selection panels.

The 2019 independent selection panel appointed Lee Hardy for a three year term to 31 October 2022

Financial Results for Year ended 31st March 2020

Poole Harbour Commissioners’ turnover increased by 1.3% (2019: 13.4%) to £13.49 million (2019: £13.32 million), producing a gross profit of £5.36 million (2019: £5.40 million) and a profit before taxation of £874k (2019: £690k).

An unwinding of the previous year’s favourable movements in the deferred taxation provision resulted in a tax charge to P&L during the year of £1,294k (2019: credit of £1,036k), resulting in a loss for the financial year after tax of £420k (2019: profit after tax of £1,726k).

There was an actuarial gain arising from the defined benefit pension scheme of £262k (2019: £680k) which is recognised within other comprehensive income which resulted in a total comprehensive loss for the year of £158k (2019: total comprehensive income of £2,669k).

EU exit (Brexit)

Following the UK's departure from the EU on 31 January 2020 a transition period was implemented, ending on 31 December 2020, during which travelling to and from the EU and UK-EU trade remained in-line with the pre-31 January 2020 position.

The Commissioners have considered the likely implications of the end of the transitional period on 31 December 2020, and are satisfied that suitable contingency preparations have been made and that the Port is well positioned to meet any changes to customs arrangements and possible increase in demand for services at Poole in the shorter term, either due to stockpiling of goods or diversion of freight to Poole because of customs delays on the Eastern Channel routes. PHC's management team meet regularly with local authorities, Dorset Police and UK Government departments to ensure that contingency plans are in place for all foreseeable scenarios. Foreign Exchange exposure is negligible and there are no foreseen going concern issues arising from the UK's exit from the EU.

COVID-19

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally, with the UK Government imposing a full lockdown on 23 March 2020, 8 days before the 31 March balance sheet date. As a result, PHC experienced a significant decline in economic activity for the last 2 weeks of the financial year. Bulk cargo vessel operations resumed during April 2020 but RoRo Ferry and Cruise ship operations experienced cancellations to the summer 2020 timetable. The impact of these has been partly offset by lay-up berthing of superyachts and other vessels and furloughing of staff in accordance with the Coronavirus Job Retention Scheme.

Management Accounts for the first quarter since the year-end demonstrate that these actions have been successful in limiting the impact of COVID-19 to a manageable level. A full financial reforecast for the year ended 31 March 2021 has been prepared, which includes cautious assumptions around the timings of the resumption of key revenue streams and further cost savings arising from a limited restructuring of the business necessary to further mitigate

risks arising from the adverse impact of the pandemic. PHC entered lockdown with healthy cash balances and, whilst these are expected to reduce significantly over the period, the financial forecast projections suggest that sufficient cash will nonetheless remain available to the Commissioners at all times, throughout the period.

PHC made early contact with its bankers in March 2020 to discuss the implications of COVID-19 and has agreed and implemented capital repayment holidays on its most significant bank loans and finance leases. PHC met all its bank loan financial covenants for the 2019-20 financial year but the covenants were not set with a pandemic in mind and PHC expects that, due to the coronavirus crisis, it will breach its bank loan financial covenants during the 2020-21 financial year. Further discussions are ongoing and the Commissioners fully expect that a bank loan financial covenant waiver will be agreed in respect of the 2020-21 financial year prior to 31 March 2021.

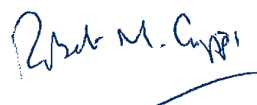
Going concern

If the anticipated waiver against the expected future breach of bank loan financial covenants noted above is not granted then that would represent a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. However, based on the Commissioners forecasts, and the recent refinancing, the Commissioners have an expectation that all obligations will be met as they fall due for a period of not less than 12 months from the approval of these accounts. The Commissioners, therefore, continue to adopt the going concern basis of accounting in preparing these financial statements.

Pensions

A revised plan to fund the Poole Harbour Commissioners' Retirement Benefits Scheme deficit was agreed with the Trustees in February 2017. The scheme is expected to achieve a 100% funding level by 2027 and, in accordance with the 2017 plan, the Commissioners made no deficit reduction payments to the scheme during the year (2019: nil).

Approved by Poole Harbour Commissioners on 25 September 2020 and signed on their behalf by:



Robert Cripps Chairman



Independent Auditor's Report to Poole Harbour Commissioners

Opinion

We have audited the financial statements of Poole Harbour Commissioners (the 'Commissioners') for the year ended 31 March 2020 which comprise the Profit and Loss account, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the commissioners' affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have also been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the commissioners in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material uncertainty related to going concern

We draw attention to the COVID-19 section of the Report of the Commissioners on page 16, which indicates that the Commissioners expect to breach bank loan financial covenants within the 2020-21 financial year. As stated in the Going Concern section of the Report of the Commissioners on page 16 and the Going Concern section of note 1 on page 27, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the organisation's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Other information

The Commissioners are responsible for the other information. The other information comprises the information included in the annual review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and,

in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Commissioners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Commissioners' Report have been prepared in accordance with applicable legal requirements.



Matters on which we are required to report by exception

In light of the knowledge and understanding of the commission and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Commissioners' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 or the Harbors act 1964 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Commissioners

As explained more fully in the Commissioners' responsibilities statement, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the organisations ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Commissioners members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Commissioner's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commissioners a body for our audit work, for this report, or for the opinions we have formed.

Stephen Mills (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

28 September 2020

Profit and loss account for the year ended 31st March 2020

	Note	2020 £000	2019 £000
Turnover	(3)	13,488	13,318
Cost of sales	(4)	(8,130)	(7,918)
Gross profit		5,358	5,400
Other income		105	89
Administrative expenses		(4,243)	(4,403)
Operating profit	(6)	1,220	1,086
Interest receivable and similar income	(8)	12	2
Interest payable and similar charges	(9)	(358)	(398)
Profit on ordinary activities before taxation		874	690
Tax on profit on ordinary activities	(10)	(1,294)	1,036
(Loss)/Profit for the financial year		(420)	1,726
Other comprehensive income			
Actuarial gains/(losses)			
In respect of defined benefit scheme		279	872
Deferred tax in respect of above		(17)	(192)
Fair Value Movement of Investment Property		0	263
Total comprehensive (loss)/income for the financial year		(158)	2,669

All of the activities are classed as continuing.

Notes on pages 25 to 45 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31st March 2020

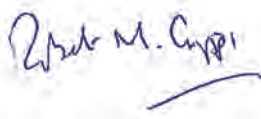
	Revaluation reserve	Capital reserve £000	Profit & loss account £000	Total £000
Balance at 1st April 2018	7,895	746	10,576	19,217
Comprehensive income for the year				
Profit for the year	-	-	1,726	1,726
Other recognised gains and losses	-	-	680	680
Fair Value Movement of Investment Property	-	-	263	263
Fair Value Movement of Investment Property	263	-	(263)	-
Total comprehensive income for the year	263	-	2,406	2,669
Balance at 1st April 2019	8,158	746	12,982	21,886
Comprehensive income for the year				
Loss for the year	-	-	(420)	(420)
Other recognised gains and losses	-	-	262	262
Total comprehensive loss for the year	-	-	(158)	(158)
As at 31st March 2020	8,158	746	12,824	21,728

Balance sheet as at 31st March 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	(11)	175	224
Property, Plant & Equipment	(12)	22,639	23,148
Investment Properties	(13)	10,570	10,570
Investments	(14)	-	-
		33,384	33,942
Current assets			
Stocks	(15)	33	82
Debtors	(16)	1,401	1,815
Cash at bank and in hand		2,920	2,262
		4,354	4,159
Creditors: amounts falling due within one year	(17)	(2,838)	(3,145)
		1,516	1,014
Net current Assets			
		4,354	4,159
Total assets less current liabilities		34,900	34,956
Creditors: amounts falling due after more than one year	(18)	(9,340)	(10,275)
Deferred income: grants	(20)	(1,416)	(1,333)
		24,144	23,348
Provision for liabilities			
Deferred taxation	(21)	(1,477)	(295)
Pension liability	(7)	(939)	(1,167)
		21,728	21,886
Net assets			
Reserves			
Capital reserve		746	746
Revaluation Reserve		8,158	8,158
Profit and loss account		12,824	12,982
		21,728	21,886
Capital employed/Commissioners' funds			
		21,728	21,886

Notes on pages 25 to 45 form an integral part of these accounts.

The Accounts were approved by the Commissioners on 25 September 2020 and signed on their behalf by:



Professor R. M. Cripps

Chairman



J. Stewart

**Chief Executive,
Clerk & Collector of Dues**

Cash flow statement for the year ended 31st March 2020

	Note	2020 £000	2019 £000
Cash inflow from operating activities	A.	3,279	2,329
Returns on investments and servicing of finance			
Interest received		12	2
Interest paid		(314)	(330)
Net cash outflow from returns on investments and servicing of finance		(302)	(328)
Taxation			
Corporation tax paid		(182)	(181)
Capital expenditure and financial investment			
Payments for tangible fixed assets		(1,553)	(743)
Disposal proceeds from sale of fixed assets		157	3
Net cash outflow for capital expenditure		(1,396)	(740)
Cash inflow before financing		1,399	1,080
Financing			
Bank loan repayments		(646)	(361)
Finance lease repayments		(282)	(273)
Additional bank financing		-	647
Additional finance leases		-	-
Additional grant funding		187	258
Increase in cash in the period	C.	658	1,351

Notes on pages 25 to 45 form an integral part of these accounts.

Notes to the cash flow statement for the year ended 31st March 2020

A. Reconciliation of operating profit to operating cash flows

	2020 £000	2019 £000
Operating profit	1,220	1,086
Depreciation	1,917	1,751
Profit on disposal of fixed assets	(19)	(3)
Amortisation of deferred income: grants	(105)	(89)
Amortisation of intangible assets	50	50
Decrease in stocks	49	3
Decrease/(Increase) in debtors	437	(235)
Decrease in creditors	(270)	(234)
Net cash inflow from operating activities	3,279	2,329

B. Analysis of net debt

	As at 1 April 2019	Cash Flow	As at 31 March 2020
Cash at bank and in hand	2,262	658	2,920
Bank loan	(9,540)	646	(8,894)
Finance leases	(1,710)	282	(1,428)
Total	(8,988)	1,586	(7,402)

Notes to the cash flow statement for the year ended 31st March 2020

C. Reconciliation of net cash flow to movement in net debt (see note B)

	2020 £000	2019 £000
Increase in cash in the period	658	1,351
Bank loan repayments	646	361
Bank loan financing	-	(647)
Finance lease repayments	282	273
Movement in net debt	(1,586)	1,338
Net debt as at 31st March 2019	(8,988)	(10,326)
Net debt as at 31st March 2020	(7,402)	(8,988)

Notes to the accounts for the year ended 31st March 2020

1. Accounting policies

Accounting convention

The Commissioners are required by the Harbours Act 1964, as amended by subsequent legislation, to prepare accounts which comply with the requirements of the Companies Act 2006. The accounts are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Commissions accounting policies (see note 2).

The particular accounting policies adopted are described below.

Going concern

The organisation made a loss after tax in the year of £420k and as at 31 March 2020 had net current assets of £1,516k.

In considering the going concern status of the organisation the Commissioners have prepared forecasts to cover the period of 12 months from the approval of these financial statements. In preparing these forecasts consideration has been given to the impact of COVID-19 and the mitigating measures which have been implemented by the Commissioners in response, including obtaining agreement from lenders for bank loan and finance lease repayment holidays and cost saving initiatives. PHC met all its bank loan financial covenants for the 2019-20 financial year but the covenants were not set with a pandemic in mind and PHC expects that, due to the coronavirus crisis, it will breach its bank loan financial covenants during the 2020-21 financial year. Discussions with PHC's bankers on the matter have been positive and the Commissioners fully expect that a bank loan financial covenant waiver will be agreed in respect of the 2020-21 financial year prior to 31 March 2021.

If the anticipated waiver against the expected future breach of bank loan financial covenants noted above is not granted then that would represent a material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. However, based based on the Commissioners forecasts, and the recent refinancing, the Commissioners have an expectation that all obligations will be met as they fall due for a period of not less than 12 months from the approval of these accounts. The Commissioners, therefore, continue to adopt the going concern basis of accounting in preparing these financial statements.

Notes to the accounts for the year ended 31st March 2020

1. Accounting policies continued

Turnover

Turnover comprises the total (net of Value Added Tax) of dues, rates and charges levied for use of the harbour and services provided during the year. Turnover is recognised in line with Harbour usage and service provision. Turnover for Dues, Handling and Pilotage is accounted for at the time of the activity. Leisure revenue is accounted for at the time of receipt of payment and recognised over the period to which it relates. Other revenue, such as rents, are charged at the start of the rental period and recognised over the period to which it relates.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	20 years
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Fixed assets

Investment property

Property is classified as investment property if:

- It is not utilised by the Commissioners for the provision of operational port services (e.g. Stevedoring)
- It is a defined area (land, dock structures, quays, buildings and other fixed structures) and one or more users pay a commercial rent under a signed lease agreement for use of that area for one or more years; and
- Any ancillary services provided by the Commissioners at the property are insignificant to the arrangements as a whole.

Investment property is measured at fair value. Valuations are conducted annually by management with a valuation by a qualified external valuer being undertaken at least once every five years. Surpluses or deficits arising on the revaluation of investment property are recognised in the profit and loss account.

Transfers between investment properties and operational assets are made at fair value as at the date of change in use or classification.

Property, Plant & Equipment

Depreciation has not been provided on any freehold land.

Depreciation of other tangible fixed assets is charged to the profit and loss account on a straight-line basis at rates calculated to write-off the cost of such assets over their expected useful economic lives and having taken account of estimated residual values. Estimated useful lives extend up to a maximum of 50 years for Buildings, up to 35 years for Dock Structures, Quays & Dredging, up to 30 years for Floating Craft and range between 3 and 20 years for Plant & Equipment.

Notes to the accounts for the year ended 31st March 2020

1. Accounting policies continued

Stocks

Stocks are stated at the lower of cost and net realisable value.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Commissioners an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Leases

Expenditure on operating leases is charged to the profit and loss account in equal instalments over the total lease term.

Deferred income: grants

Deferred income: grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Notes to the accounts for the year ended 31st March 2020

1. Accounting policies continued

Retirement benefits

Defined benefit pension scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Commissioners. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported within Other Comprehensive Income.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Notes to the accounts for the year ended 31st March 2020

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to note judgements and estimates that affect the reported amount of assets and liabilities at the balance sheet date and the reported profits during the financial year.

The following judgements and estimates have been made in these financial statements:

a) Investment property

Investment property is measured at fair value. Valuations are conducted annually by management with a valuation by a qualified external valuer being undertaken at least once every five years. The next external professional valuation is due no later than 31 March 2022.

b) Useful economic life of assets

Management have provided in these accounts the estimated residual value and useful economic life of tangible fixed assets.

c) Defined benefit pension liability

Actuarial assumptions have been used to value the Pension Scheme, as set-out in note 7 of the accounts.

3. Turnover

All Turnover arose within the United Kingdom.

Turnover is derived from the following sources:

	2020 £000	2019 £000
Dues on commercial vessels	1,552	1,450
Dues on cargoes and passengers	1,417	1,466
Cargo handling	5,757	5,924
Pilotage	653	674
Marina Operations	1,368	1,285
Other revenue	2,741	2,519
	13,488	13,318

Notes to the accounts for the year ended 31st March 2020

4. Cost of sales

	2020 £000	2019 £000
Cost of sales consists of:		
Dredging	292	88
Pilotage	509	501
Harbour operation and maintenance	2,182	2,136
Cargo handling wages and plant costs	4,261	4,415
Marina Operations	741	778
Other	145	-
	8,130	7,918

5. Pilotage revenue and expenditure

	2020 £000	2019 £000
Revenue from charges in respect of:		
Providing pilotage services	653	674
Expenditure incurred in respect of:		
Providing the service of pilots	448	457
Other Direct Costs – Pilot Boat Maintenance and operation	61	44
Administrative Expenses:		
Depreciation of vessels	24	24
Administration expenses	144	140
Interest Payable	8	9
	685	674

Notes to the accounts for the year ended 31st March 2020

6. Operating profit

	2020 £000	2019 £000
Operating profit is stated after charging/(crediting) the following:		
Commissioners' emoluments (including officers):		
Aggregate emoluments for managerial services	391	402
Aggregate employer's pension scheme contributions	28	30
Emoluments of the highest paid Commissioner (the Chief Executive):		
Total emoluments	150	165
Pension contributions to money purchase pension schemes	14	18
Auditor's remuneration:		
Audit fees	23	21
Non-audit services:		
Audit of pension schemes	8	7
Taxation	4	14
Depreciation	1,917	1,751
Profit on disposal of fixed assets	(19)	(3)
Rentals under operating leases:		
Hire of plant and machinery	9	22
Other	12	18
Amortisation of deferred income: grants	(105)	(89)
Amortisation of intangible assets	50	50

	2020 No	2019 No
The number of Commissioners who are accruing benefits under the Poole Harbour Commissioners' pension schemes were as follows:		
Money purchase schemes	3	3

Notes to the accounts for the year ended 31st March 2020

7. Employees

	2020 No.	2019 No.
The average monthly number of staff (including paid Commissioners) employed during the year was:		
Dock workers	38	38
Other manual workers	42	41
Management, technical and administrative	44	47
	124	126
	2020 £000	2019 £000
Staff costs were:		
Wages and salaries	4,135	4,312
Social security costs	422	431
Pension costs (see below)	323	336
	4,880	5,079

Pension Costs

Pension costs represent amounts charged to operating profit and do not include amounts credited to net finance income/costs (note 9) or amounts recognised within Other Comprehensive Income.

The Poole Harbour Commissioners operate two defined benefit pension schemes (see below).

Retirement Benefits Scheme and Retirement Gratuity Scheme

Both the Retirement Benefits Scheme and the Retirement Gratuity Scheme are defined benefit schemes. Both Schemes were closed to future accrual in 2007.

The assets of the schemes are both held separately from those of Poole Harbour Commissioners in independent trustee administered funds.

Retirement Benefits Scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees in the scheme. The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method, on the basis of valuations carried out at intervals not exceeding three years.

Retirement Gratuity Scheme

The pension cost represents contributions payable to the fund in the year. The aim of the scheme is to provide a specific lump sum benefit on the earlier of death or retirement based upon the length of service of employees in the scheme. The scheme is subject to a full independent actuarial valuation at least every three years, on the basis of which the actuary certifies the rate of the employer's contributions which are sufficient to fund in full the scheme's benefits.

Notes to the accounts for the year ended 31st March 2020

7. Employees continued

The year end combined position of the two schemes is set out below:

Actuarial valuations were carried out as at 30 April 2018 and updated to 31 March 2020 by a qualified independent actuary. The actuary has also provided information as at the year end as follows:

The principal actuarial assumptions as at the balance sheet date were:

	2020 %	2019 %
Discount rate	2.30	2.35
Rate of increase in pensions in payment before 6 April 1997	3.00	3.00
Rate of increase in pensions in payment 6 April 1997 – 2005	3.50	3.70
Rate of increase in pensions in payment after 2005	3.00	3.00
Expected return on scheme assets	n/a	n/a
Inflation (RPI)	2.90	3.40
Inflation (CPI)	1.90	2.30

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The expected return on schemes' assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed asset investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity reflect long term real rates of return experienced in the respective markets.

Analysis of amounts included in other finance costs:

	2020 £000	2019 £000
Expected return on scheme assets	266	299
Interest on scheme liabilities	(300)	(357)
Total charge to the profit and loss account	(34)	(58)

Other finance costs are included in the profit and loss account within interest payable and similar charges.

Notes to the accounts for the year ended 31st March 2020

7. Employees continued

The amounts recognised in the balance sheet are as follows:

	2020 £000	2019 £000
Present value of funded obligations	(12,716)	(13,021)
Fair value of scheme assets	11,557	11,617
	(1,159)	(1,404)
Related deferred tax assets	220	238
Net pension liability	(939)	(1,167)

The net pension liability is secured by a specific legal charge over freehold property in the ownership of the Commissioners.

The movement in the net pension liability is recognised as follows:

	2020 £000	2019 £000
Net finance cost (note 9)	(34)	(58)
Employer contributions	-	-
Other comprehensive income	262	680
	228	622

The major categories of the schemes' assets, as an amount, were as follows:

	2020 £000	2019 £000
Equities	5,574	6,041
Gilts and bonds	4,722	4,995
Cash and deposits	1,261	581
Total market value of assets	11,557	11,617

During the year the actual return on scheme assets was a profit of £465,000 (2019: profit of £372,000).

Notes to the accounts for the year ended 31st March 2020

7. Employees continued

Changes in the fair value of the schemes' assets were as follows:

	2020 £000	2019 £000
Opening fair value of schemes' assets	11,617	11,784
Expected return on schemes' assets	266	299
Contributions by employer	-	-
Actuarial gains	199	72
Benefits paid	(525)	(538)
<hr/>		
Closing fair value of schemes' assets	11,557	11,617

The Commissioners' contributions during the accounting period amounted to £nil (2019: £nil). Under the terms of the revised deficit reduction plan (effective 1 April 2017), the Commissioners' best estimate of contributions to be paid to the scheme next year is £nil.

Changes in the present value of the defined benefit obligations of the schemes were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	13,021	14,002
Interest on scheme liabilities	300	357
Actuarial gains	(80)	(800)
Benefits paid	(525)	(538)
<hr/>		
Closing defined benefit obligation	12,716	13,021

Notes to the accounts for the year ended 31st March 2020

7. Employees continued

Amounts for the current and previous four periods are as follows:

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Defined benefit obligation	(12,716)	(13,021)	(14,002)	(14,605)	(12,743)
Fair value of scheme assets	11,557	11,617	11,784	12,223	11,384
Deficit in the scheme	(1,159)	(1,404)	(2,218)	(2,382)	(1,359)
Difference between the expected and actual return on scheme assets	(279)	(872)	(225)	1,282	(558)
Experience gains/(losses) on scheme liabilities	(53)	24	(204)	(986)	197

Other independent pension funds

Contributions are also made to other independent pension funds on behalf of specific employees, or groups of employees, who do not derive a future pension benefit from the Poole Harbour Commissioners' own Retirement Benefits Schemes (see above). There were no outstanding or prepaid contributions as at 31st March 2020.

	2020 £000	2019 £000
Total pension costs are summarised as follows:		
Contributions	270	278
Consultancy and other professional fees	53	58
	323	336

8. Interest receivable and similar income

	2020 £000	2019 £000
Other interest receivable	12	2

Notes to the accounts for the year ended 31st March 2020

9. Interest payable and similar charges

	2020 £000	2019 £000
Bank loans and overdraft	324	340
Net finance expense in respect of defined benefit pension scheme (note 7)	34	58
	358	398

10. Taxation

	2020 £000	2019 £000
The tax charge on profit on ordinary activities is made up as follows:		
United Kingdom corporation tax at 19% (2019: 19%)	161	162
Adjustments in respect of prior periods	(187)	(107)
Adjustment to previously recognised provisions		
Deferred taxation:		
Adjustments in respect of changes in tax rates	138	-
Capital allowances in excess of/(less than) depreciation	1,182	(1,091)
	1,294	(1,036)
Profit on ordinary activities before tax	874	691
Standard rate of corporation tax in the UK	19%	19%
Profit on ordinary activities multiplied by the standard rate of corporation tax	166	131
Adjusted for:		
Expenses not deductible for tax purposes	41	1
Capital allowances for period less than depreciation	(52)	19
Defined benefit pension adjustments	6	11
	161	162

Notes to the accounts for the year ended 31st March 2020

11. Intangible fixed assets

	Goodwill £000
Cost	
At 1st April 2019 and as 31st March 2020	1,002
Amortisation	
At 1st April 2019	777
Provided in year	50
As at 31st March 2020	827
Net Book Value	
At 31st March 2019	225
At 31st March 2020	175

Goodwill is an individually material amount arising from the acquisition of Poole Quay Boat Haven. It has a remaining useful economic life of 3 years (2019: 4 years)

Notes to the accounts for the year ended 31st March 2020

12. Tangible fixed assets – Property, Plant & Equipment

	Land & Buildings £000	Dock Structures, Quays & Dredging £000	Floating Craft £000	Plant & Equipment £000	Total £000
Cost					
At 31st March 2019	9,079	28,337	2,629	11,222	51,267
Additions	-	585	-	968	1,553
Disposals	-	(51)	(821)	(463)	(1,335)
At 31st March 2020	9,079	28,871	1,808	11,727	51,485
Depreciation					
At 31st March 2019	4,227	15,575	1,814	6,502	28,118
Provided in year	222	699	134	862	1,917
Disposals	-	(38)	(688)	(463)	(1,189)
At 31st March 2020	4,449	16,236	1,260	6,901	28,846
Net Book Value					
At 31st March 2019	4,852	12,762	815	4,719	23,148
At 31st March 2020	4,630	12,635	548	4,826	22,639

Included in Plant & Equipment are tangible fixed assets owned under finance leases with a net book value of £1,616,338 (2019: £1,875,007).

Included in Dock Structures, Quays & Dredging is capitalised interest with a cost of £97,860 (2019: £97,860) and net book value of £92,268 (2019: £95,064).

Notes to the accounts for the year ended 31st March 2020

13. Investment Properties

	Investment Assets £000
Valuation	
At 1st April 2019	10,570
Reclassification from Land & Buildings at fair value	-
As at 31st March 2020	10,570
Net Book Value	
At 31st March 2019	10,570
At 31st March 2020	10,570

14. Investments

The Commissioners own the whole of the issued share capital of Poole Quay Boat Haven Limited.

15. Stocks

	2020 £000	2019 £000
Materials, spares and consumables	33	82

16. Debtors

	2020 £000	2019 £000
Trade debtors	1,281	1,468
Other debtors	1	1
Corporation tax	24	-
Prepayments and accrued income	95	346
	1,401	1,815

Notes to the accounts for the year ended 31st March 2020

17. Creditors amounts falling due within one year

	2020 £000	2019 £000
Bank loans and overdrafts	693	693
Trade creditors	388	628
Other creditors	306	159
Corporation tax	-	46
Other taxes and social security	124	117
Accruals and deferred income	1,037	1,221
Finance lease obligations	290	281
	2,838	3,145

18. Creditors amounts falling due after more than one year

	2020 £000	2019 £000
Bank loan: instalments falling due within five years	8,201	8,847
Finance lease obligations	1,139	1,428
	9,340	10,275

19. Total bank borrowings

	2020 £000	2019 £000
Amounts repayable:		
In one year or less or on demand	693	693
In two to five years	8,201	8,847
In more than five years	-	-
	8,894	9,540

All bank borrowings are secured by specific legal mortgages and equitable charges over freehold and leasehold property in the ownership of the Commissioners and fixed and floating charges over all current and future assets of the Commissioners. The loans incur interest either at a margin above bank base rate or at a fixed rate.

Notes to the accounts for the year ended 31st March 2020

20. Deferred income: grants

	£000
Received and receivable:	
At 1st April 2019	2,333
Additions	187
As at 31 March 2020	2,520
Amortisation:	
At 1st April 2019	1,000
Released to profit and loss account	104
At 31st March 2020	1,104
Net balance at 31st March 2019	1,333
Net balance at 31st March 2020	1,416

21. Deferred taxation

	2020 £000	2019 £000
The provision for deferred taxation is made up as follows:		
At 1st April 2019	295	1,386
Profit and loss account charge for the year	1,182	(1,091)
As 31st March 2020	1,477	295
Represented by tax on:		
Capital allowances in advance of related depreciation	1,215	76
Short Term Timing Differences	(249)	(238)
Revaluation of investment property	511	457
Dredging costs charged against profit in advance of capital allowances	-	-
As 31st March 2020	1,477	295

No provision has been made for taxation that could arise in the event of the disposal of the freehold interest in the reclaimed port terminal area, or part thereof, which is not depreciated but upon which roll-over relief has been claimed, as this does not constitute a timing difference at the balance sheet date. The maximum potential taxation that could arise amounts to £685,000 (2019: £685,000)

Notes to the accounts for the year ended 31st March 2020

22. Operating lease commitments

At 31st March 2020 the Commissioners have future minimum lease payments under non-cancellable operating leases as follows:

	2020 Land and Buildings £000	2020 Other £000	2019 Land and Buildings £000	2019 Other £000
Leases which expire:				
Within one year	-	9	-	7
Within two to five years	6	9	9	20
After five years	917	-	949	-

23. Borrowing powers

Under the provisions of the Ports (Finance) Act 1985 the Commissioners have unrestricted borrowing powers.

24. Related party transactions

During the year Poole Harbour Commissioners purchased services totaling £226,955 (2019: £318,712) from Poole Stevedoring Services Limited, a company in which Mr T. James, who retired as a Commissioner on 31 October 2019, is a director.

During the year Poole Harbour Commissioners purchased services totaling £nil (2019: £196) from Lets Rise Limited (formerly Rock Recruitment Solutions Ltd), a company in which Ms A. Piromalli, a Commissioner, is a director.



Annual Environmental Summary 2019/20

Poole Harbour is one of the outstanding features of Southern England. The Commissioners have a duty to maintain, regulate and improve the Harbour sustainably so that it can be passed onto future generations.

The Port of Poole operated by the Commissioners, remains a central feature of the Harbour's day to day activity as a successful medium sized port. The Commissioners continue to look at ways to develop and improve the facilities and services they provide for ferries, fast ferries, cargo vessels, cruise ships, private yachts and other Harbour users in an environmentally sustainable way.

The Commissioners publish an environmental summary in the annual report, to explain the highlights from the past year.



Environmental Policy Statement

Poole Harbour Commissioners' objective is to maintain the balance in the Harbour between commercial, recreational and environmental interests, at the same time maintaining a sustainable and commercially viable medium sized port.

The Commissioners are committed to continuous improvement of their environmental performance by fulfilling their duties relating to conservation, regulation and enhancement of the Port and Harbour of Poole and complying with relevant UK, European and international legislation.

In implementing this policy, the Commissioners shall ensure that they:

1. Environmental Management

- Endorse the principles contained in the European Sea Ports Organisation's Environmental Code of Practice.
- Assess and mitigate environmental risks for all aspects of the Commissioners' operations.
- Include measurable environmental objectives and targets in business plans, and conduct regular management reviews and audits to identify areas for improvement.
- Develop a sustainable procurement policy for the business.
- Record all significant environmental occurrences.
- Publish environmental performance in an annual environmental review.



2. Resource Management

- Continue to monitor and where possible reduce resource consumption.
- Seek opportunities to apply innovative technology to reduce emissions and energy consumption.

3. Waste Management

- Continually assess recycling, re-use and waste minimisation opportunities.

4. Communication & Training

- Communicate with employees, contractors, regulators and the general public to ensure people are aware of their roles and responsibilities, and are competent in performing them.

5. Pollution Prevention & Control

- Ensure that contingency plans and controls are in place and regularly reviewed and tested, to endeavour to prevent spills of oil, chemicals or potentially contaminating materials.

- Apply best available technology, without involving disproportionate costs, to plant acquisitions, facilities and activities to advance pollution control and emissions reduction.
- Pursue good house-keeping policies to ensure tidiness on the Port Estate.
- It is the Commissioners' policy for the 'polluter' to pay for the cost of clean up and disposal following land and marine based incidents.

The policy will be changed from time to time to embrace changes in the Commissioners' activities.

Robert Cripps – Chairman
Date: 25 September 2020.



Review of 2019/20 Environmental Performance

Poole Harbour Steering Group

The Chief Executive continues to chair the Poole Harbour Steering Group, which remains active in conserving the Harbour. The recreational and watercraft survey at the Harbour Entrance and Lake Pier was carried out over the summer, as usual.

Two meetings of the Steering Group are usually held during the year, but the second meeting scheduled for March 2020 was postponed due to the coronavirus.

Maintenance Dredging Protocol (MDP)

The MDP is a live document used as the baseline for the consents process for dredging and disposal in the Harbour. We continue to review and update this document.

Dredging & Disposal

PHC contracted Rohde Nielsen to carry out maintenance dredging of the main channels and Turning Basin in March 2020, using their Trailer Suction Hopper Dredger 'Sif R'. Total volumes dredged were in the order of 115,000m³, all of which was disposed at the licensed offshore disposal site at Swanage grounds.

PHC's dredger, 'CH Horn', carried out 800m³ maintenance dredging within Poole Quay Boat Haven and Port of Poole Marina.

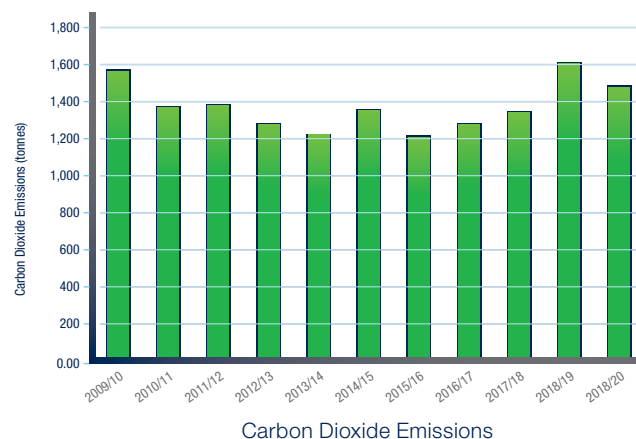
A total of 20,000m³ was disposed at Brownsea Roads, the majority from dredging at Cobbs Quay, Parkstone Yacht Club and the RNLI.

Resource Management

Carbon Dioxide Emissions

The Commissioners continue to monitor their carbon footprint through record keeping of diesel, marine gas oil, heating oil, gas, electricity and LPG usage.

During the year street lighting on the Port and internal lighting in many buildings has been upgraded to LED, with an on-going programme to replace all lighting, including the high mast lights.





Water Use

Due to staff shortages caused by the coronavirus, meter readings were not taken at the end of March and an average usage taken over the previous 4 years has been used for the current period. PHC are unaware of any major water leaks over the past 12 months.

Waste Management

Port Waste Management Plan

The Transition Period means that no changes in acceptance of ships waste due to Brexit have been required as yet, with only International Catering Waste from areas outside the EU needing separate disposal.

The Port Waste Management Plan is scheduled to be updated in December 2020, prior to the expiry of the Transition Period.

Waste Management

The Port's general waste contract was put out to tender and Biffa were awarded the new 3 year contract, effective from October 2019.

Pollution Prevention and Control

Poole Harbour Commissioners have an Oil Pollution Response Plan in place to deal with oil or other hazardous substance release within the Harbour Authority area of jurisdiction. This is especially necessary given the environmental designations within the Harbour. The Plan will be due for re-approval by the Maritime & Coastguard Agency (MCA) next year.

The Harbour Master, CEO and Assistant Harbour Masters are all trained to Incident Commander level to deal with such incidents, with the assistance of other trained employees within the Harbour Master's Department.

The Harbour Masters Department responded to 4 minor pollution incidents in the Harbour between 1 April 2019 and 31 March 2020.



Contacts

The Commissioners are committed to continually improving their environmental performance through ongoing adoption of best practice and working together with their staff and stakeholders to ensure that all their activities and services are delivered in an environmentally sustainable and sensitive manner.

Correspondence on environmental issues related to the Poole Harbour Commissioners and the Port of Poole should be referred to:

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